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September 16, 2002

Docket Management System
U.S. Department of Transportation
Room PL-401
400 Seventh Street, SW
Washington, DC 20590

Re: Docket No. NHSTA-02-13206, Federal Motor Vehicle Safety Standards; Small Business Impacts of Motor Vehicle Safety

Dear Sir or Madam:

The Automotive Recyclers Association (ARA), an international trade association representing over 1,200 auto recycling facilities in the United States through direct membership and an additional 5,500 auto recycling facilities through our state affiliates, appreciates this opportunity to provide comments on a proposed rule that will have a significant economic impact on a substantial number of small entities. The proposed Federal Motor Vehicle Theft Prevention Standard rulemaking [*Federal Register*, Vol. 67, No. 123, June 26, 2002, p. 43075-43087] to extend the parts marking requirements [49 CFR part 541] to all passenger cars and multipurpose passenger vehicles with a gross vehicle weight rating of 6,000 pound or less, and to light duty trucks with major parts that are interchangeable with a majority of the covered major parts of multipurpose passenger vehicles, will cause serious economic damage to the predominately small business auto recycling community.

On behalf of our members concerned about the growing regulatory burdens placed on small business, I would like to draw your attention to the unfortunate destructive effect the U.S. National Highway Traffic Safety Administration's (NHTSA) proposed rule extending parts marking requirements to all passenger cars and multipurpose passenger vehicles would have on the entire automotive recycling industry. The reason the NHTSA proposed rule will have vast implications stems from the direct consequences it has on the recently proposed Department of Justice (DOJ) rule to implement the National Stolen Passenger Motor Vehicle Information System (NSPMVIS). [*Federal Register*, Vol. 67, No. 68, April 9, 2002, p. 17027-17036]

In the proposed NSPMVIS rule, the DOJ cites a National Insurance Crime Bureau (NICB) estimate that only approximately 1.5 to 3 million vehicles will be affected annually as a result of the NSPMVIS implementation. (*The NICB calculates that currently 60 percent, or 1.4 million, of these salvage and junk vehicles contain major parts marked with the VIN that would ultimately be required to be inspected through the NSPMVIS.*) ARA believes the NICB figure is inaccurate because the 1.4 million figure cited is based on current regulatory procedures defined under the Vehicle Theft Prevention Standard which detail the performance requirements for inscribing or affixing vehicle identification numbers onto original

equipment major parts selected as “high theft lines”. Under the NHTSA proposed rule of June 26, 2002, the parts marking requirements would extend to all passenger cars and multipurpose passenger vehicles. Thus, the entire motor vehicle population would ultimately fall under the requirements of the NSPMVIS rule. Needless to say, the cost to small, professional auto recyclers will be enormous. (Based on the Wards Motor Vehicle Facts and Figures 2001 publication, nearly 14.3 million passenger cars, trucks and buses were retired from use in the year 2000 alone.)

The number of “affected” salvage and junk vehicles that are transferred only by insurance companies is sure to dramatically increase; however, the NICB calculation only relates to salvage and junk vehicles that are annually transferred by insurance companies. As proposed in the NSPMVIS rule, salvage and junk vehicles that make their way to auto recycling facilities from outside the insurance pipeline are subject to the DOJ rule. In fact, these “non-insurance pipeline” vehicles will be subject to some of the most onerous requirements of the proposed NSPMVIS rule.

While ARA supports aggressively combating auto theft, this rule will place enormous burdens on legitimate professional auto recyclers that are not engaged in illegal activities. In theory, ARA supports the expansion of parts marking requirements for their benefit in detecting, apprehending and prosecuting vehicle thieves. However, the additional bureaucratic and financial burdens this rulemaking will put on thousands of honest “mom and pop” professional auto recyclers that do not deal in theft and fraud is unacceptable. It is ARA’s conclusion that NHTSA’s proposed rule, with its direct implications on the proposed NSPMVIS rule, will deal a crippling blow to the professional auto recyclers who are already under pressure to minimize body shop roadblocks to utilization of their “recycled” parts in collision repair. With this in mind, ARA suggests that DOJ and NHSTA agree on an exemption process so that the auto recycling industry is not disproportionately affected by this “well intentioned” rulemaking.

In summary, ARA would hope NHSTA in consultation with the DOJ weigh the substantial adverse impact these two rulemakings will have on the “recycled” automotive parts market along with a considerable number of small auto recycling entities in this industry. Regulators should be aware that “new” original equipment manufacturers (OEM) would like nothing more than additional restrictions on the “recycled” parts industry. Here again, “recycled” OEM parts are contending against an industry that already commands some 75-80% of the collision repair parts market. Here for instance is only one example of how “new” OE manufacturer are already using “impediments” to disparage our products. A recent Toyota Genuine Parts ad stated the following: “We [Management Team at Crawford Auto Construction] find that using imitation or salvage parts can delay the average repair by as much as one third over the same repair using OE parts--which ties up a lot of expensive shop space, increases our cycle time and more importantly hurts our customer satisfaction and profitability. ...”. ARA implores that government regulators truly take into account the broad ramifications these rulemakings will have on heart and soul of America’s economic engine – small businesses.

On behalf of its members, ARA thanks the National Highway Traffic Safety Administration for this opportunity to express our concerns for thousands of small “mom and pop” facilities.

Sincerely,



Phil Sheppard
President



William P. Steinkuller
Executive Vice President